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VIENNA, VA 22182-3817

EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT

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3695

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	09/850,383	DIETRICH, BRENDA LYNN	
	Examiner	Art Unit	
	SIEGFRIED E. CHENCINSKI	3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 November 2010.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-10, 12, 13, 15, 20 and 25 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10, 12, 13, 15, 20 and 25 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on November 12, 2010 has been entered.

Status of Claims

2. Claims 1-10, 12, 13, 15, 20 and 25 are pending.
Claims 22-24 have been canceled.
Claims 1, 13 and 20 have been amended.

Applicant Admitted Prior Art

3. MPEP 2104 C 2nd paragraph - AAPA - Applic. Admission due to lack of or inadequate Traversal of Official Notice.

If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate.

The Official Notice in the Office Action mailed November 14, 2008 was not properly traversed by Applicant and thus has become Applicant Admitted Art (AAPA) as follows:

Claim 15: “an integer program expressed as “Max Summation (i,p) of $v(i,p) \times x(i,p)$ ” where $v(i,p)$ denotes a monetary value of a bid that bidder p has placed for item i, and, $x(i,p)$ denotes a decision variable having a value of 0 when said bid is not in a winning combination, and 1 when said bid is a winning combination.”.

The following limitation in Claim 20: “an integer program expressed by the following: “Max Summation (i,p) of $v(i,p) \times x(i,p)$ ” where $v(i,p)$ denotes a monetary value of a bid that bidder p has placed for item i, and, $x(i,p)$ denotes a decision variable having a value of 0 when said bid is not in a winning combination, and 1 when said bid is a winning combination.”.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-10, 12, 15 20 & 25 are rejected because the claimed invention is directed to non-statutory subject matter. Independent claim 1 recites a process comprising establishing, generating, receiving, displaying, generating, formulating and displaying. Independent claim 20 recites a process of establishing, generating, receiving, displaying, generating, formulating and displaying. Dependent claims 2-10, 12, 15 and 25 are rejected because of their dependence on independent claim 1. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. Without these elements the invention involves human interaction which is not patentable subject matter.

The machine-or-transformation test is a two-branched inquiry; an applicant may show that a process claim satisfies § 101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article. See Benson, 409 U.S. at 70. Certain considerations are applicable to analysis under either branch. First, as illustrated by Benson and discussed below, the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patent-eligibility. See Benson, 409 U.S. at 71-72. Second, the involvement of the machine or transformation in the claimed process must not merely be insignificant extra-solution activity. See Flook, 437 U.S. at 590. (*In re Bilski*, En banc, U.S. Court of Appeals for the Federal Circuit, Washington, DC, Oct. 30, 2008). Per *In re Bilski*, these requirements must be present in each meaningful limitation step and must not merely rely on such limitations in the preamble.

Applicant is referred to the Board of Patent Appeals and Interferences' Informative en banc Opinion *Ex parte Langemyer et al-*
http://iplaw.bna.com/iplw/5000/split_display.adp?fedfid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pg=0

This opinion states that mathematical manipulations of data do not become patent eligible subject matter even when performed on a computer and outputted to a display. Further, the interim guidelines issued in July 27, 2010 USPTO Deputy Commissioner Robert Bahr regarding 35 USC 101 include the following in Factors Weighing Against Eligibility:

Insufficient Recitation of a machine or Transformation

- A machine is merely nominally related to the performance of the process.
- A machine is merely an object on which the method operates.

In the instant case, the steps in both independent claims 1 and 20 beginning with “generating a plurality of proposals” and “formulating a winner” contain significant solution activity and must therefore contain the statutory component or refer to it. The remaining steps may contain the statutory component as well, but this is not required since they are insignificant solution activities.

According to the above statutory requirements, the significant solution steps must contain the statutory component and must show that the machine is used in a significant manner such that human intervention is not involved, since simply a computer or processor could mean a human using a desktop computer to perform all of the linking steps by hand, only optionally using the machine. To become compliant, the “generating a plurality of proposals” step can begin with “generating by way of a programmed computer”. Then the “formulating a winner” step could state “formulating a winner by the programmed computer”. It appears to the examiner that Applicant may have support for complying with the statutory requirement in this manner.

5. Claim 13 is rejected under 35 U.S.C. 101 as directed to non-statutory subject matter. The examiner points Applicant to a USPTO notice dated 01/26/2010 entitled “Subject Matter Eligibility of Computer Readable Media”.

Claims 16, 18-20 and 22 are nominally directed to a computer readable Medium, which embody code (instructions) for causing a computer system to establish an auction system, generate a web page, receive bids, display received bids, generate proposals, formulate a winner and display a status. These steps are reasonably broadly construed as a series of “computer-implemented” steps for credit portfolio monitoring. These claims are not directed to statutory subject matter.

The claims broadly cover transient, propagating signals. The Specification is silent as to what the claimed “computer readable medium” covers. Since a claim to a “computer readable medium” reasonably broadly covers both forms of non-transitory tangible media (e.g. memory, disk, tape) and transient, propagating signals (e.g. signals, carrier waves), it necessarily covers non-statutory subject matter. This is so because transient, propagating signals are not patentable subject matter. See *In re Nuijten*, 500 F.3d 1346, 1356 (Fed. Cir. 2007).

Examiner Note; Applicant can amend to narrow the claim to cover only statutory embodiments by adding the limitation “non-transitory” to the claim (i.e. A non-transitory computer readable medium...”), such an amendment would not raise the issue of new

matter, even when the specification is silent, unless the specification does not support a non-transitory embodiment because a signal *per se* is the only viable embodiment.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1, 2, 6, 7-10, 12 and 13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel (US Patent 5,905,975) in view of Wellman (US Patent 6,952,682 B1) and Hambrecht et al. (US Patent 6,629,082 B1, hereafter Hambrecht) and Macready et al. (US PreGrant Publication 2002/0016759, hereafter Macready).

Re. Claims 1 & 13, Ausubel discloses a computer implemented method and computer executable medium for an auction comprising:

- establishing an auction system (Abstract, ll. 1-2; Col. 1, ll. 61-65) which is accessible via a network (network – Col. 7, ll. 60-65), and performs an auction for a plurality of items including a first item and a second item which is different than the first item (Col. 2, ll. 44-47);
- generating by using a processor, a user interface for entering a plurality of bids in said auction, (processor – Col. 6, l. 21-CPU; Col. 8, ll. 19-20; user interface – Col. 6, l. 27; Col. 7, l. 66 – Col. 8, l. 19; plurality of bids – Col. 2, ll. 44-47);
- generating by using a processor, a user interface for entering a plurality of bids bid in said auction, said user interface displaying;
- an area for adding the plurality of bids (implicit in Audubel's interface);
- an area for adding a plurality of conditions associated with the plurality of items (plurality of dissimilar items – Fig. 7, 707. The areas for entering conditions are implicit and obvious in Ausube since he discloses many entries to be made by users – e.g. conditions include price and quantity, and potentially contingent bid

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factors, each of which are taught by Ausubel – Col. 2, ll. 30-50; editing conditions – Col. 2, ll. 10-29; Col. 2, ll. 28-29; Col. 3, ll. 63-65);

- bidder/bidding conditions or constraints including a budget condition (col. 2, ll.41-42 – how much a bidder is willing to pay, a maximum quantity condition – how many units a bidder is willing to purchase (col. 2, ll. 39-40), a minimum quantity condition (Col. 2, ll. 45-47)).

Ausubel does not explicitly disclose or suggest and a precedence condition and a linear condition (=constraint). However, Ausubel discloses bidders' ability to enter any conditional bid ("any other expression of willingness-to-pay or value"-col. 2, ll. 42-44. Further, Macready discloses a linear constraint (p. 3, [0036]-l. 8) in a transaction negotiation environment ,which an ordinary practitioner would have seen as obvious to incorporate into an auction process..

Audubel discloses

- an area for editing said plurality of conditions (Col. 2, ll. 10-29; Col. 2, ll. 28-29; Col. 3, ll. 63-65);
- a bid table for displaying the plurality of bids (Fig. 3D, Table T);
- a plurality of areas for displaying the plurality of conditions (see above);
- receiving a plurality of bids which are added by a bidder using the user interface, the received plurality of bids including a bid for said first item and a bid for said second item, and receiving a plurality of conditions which are added by a bidder using said user interface, the received plurality of conditions including a condition associated with said first item, a condition associated with said second item, and a condition associated with a set of items including said first item and said second item which are entered by a bidder by using said user interface (Col. 1, l. 61 - Col. 2, l. 65).
- an area for entering a first bid for said item and a second bid for said second item, a plurality of areas for entering a plurality of conditions, said plurality of areas comprising an area for entering a condition associated with said first item and a condition associated with said second item, an area for entering a

condition associated with a set of items including said first item and said second item, and an area for editing said plurality of conditions (processor – Col. 6, I. 21-CPU; Col. 8, II. 19-20; user interface – Col. 6, I. 27; Col. 7, I. 66 – Col. 8, I. 19; plurality of bids – Col. 2, II. 44-47; plurality of dissimilar items – Fig. 7, 707. The areas for entering conditions are implicit and obvious in Ausubel – e.g. conditions include price and quantity, and potentially contingent bid factors, each of which are taught by Ausubel – Col. 2, II. 30-50; editing conditions – Col. 2, II. 10-29; Col. 3, II. 63-65) (Non-functional descriptive material: “said user interface displaying an area for entering a bid for said item and said other item, an area for entering a condition associated with a set of items including said item and said other item, and an area for editing said condition”).);

- receiving a plurality of bids which are added by the bidder using the user interface, the received plurality of bids including a bid for said first item, a bid for said second item, and a plurality of conditions which are added by the bidder using the user interface, the received plurality of conditions including a condition associated with said first item, a condition associated with said second item, and a condition associated with a set of items including said first item and said second item (Col. 2, II. 39-50; Col. 29, II. 4-14 – a bid implicitly includes at least one condition on winning an item, such as a price and the number of units at a minimum; the entry by the bidder using the interface is disclosed or suggested by Ausubel and would have been obvious to the ordinary practitioner);
- displaying the received plurality of bids in the bid table and displaying the received plurality of conditions in the plurality of areas for displaying the plurality of conditions on the user interface (this would have been obvious to the ordinary practitioner from Ausubel given the above disclosures and Ausubel’s use of Tables;
- generating a plurality of proposals for said bidder, a proposal in said plurality of proposals comprising a set of bids in said received plurality of bids that satisfies said received plurality of conditions (Fig. 8 – Price and units confirmation. The

ordinary practitioner would have seen it as obvious that confirmation of a bidder's conditions is a proposal to meet the bidder's conditions, which would at a minimum include price and number of units, and perhaps other conditions such as delivery terms, quality standards, etc.);

- displaying on said user interface a table for indicating that said bid is one of a selected bid and an unselected bid during a course of said auction (col. 12, ll. 7-19 – Ausubel discloses a bid table – col. 16, ll. 56-57; Ausubel displays to the bidding participant that he has won a bid at a specific combination of price and unit volume (a selected bid) and implicitly discloses that bids below this price were unselected (one or more unselected bids) – col. 2, ll. 64-65; col. 3, ll. 59-62. Ausubel suggests display of the selected and unselected results on one table on a user interface but does not explicitly do so;
- wherein the received plurality of conditions comprises a first condition and a second condition which is different from the first condition (Col. 2, ll. 38-50), and the plurality of items comprises plural sets of items including a first set of items subject to the first condition and a second set of items which is different from the first set of items and is subject to the second condition (the ordinary practitioner would have seen it as obvious from Ausubel's disclosure that, wherein said first set of items is subject to a first condition and said second set of items is subject to a second condition which is different from said first condition because items which differ from each other are likely to have different value.).

Ausubel does not explicitly disclose a web page including a user interface for entering a bid in said auction. However, Hambrecht discloses a web page including a user interface for entering a bid in said auction (Col. 10, ll. 8-12).

Regarding “formulating a winner determination problem” Ausubel uses the term “winner(s)” in his teaching (Col. 16, ll. 35-40, 57-59). Ausubel also discloses transactions which result from the auctions taught by him. Ausubel's method uses the generic concept embodied by the expression “formulating” as commonly understood. His method engages in solving an integer problem, and the goal of the method is to determine bids which satisfy the auctioneer's criteria for determining the auction's

result(s) (Col. 3, ll. 53-57). Each example in Ausubel details the integer problem formulation steps for a particular type of auction, including the condition associated with winning the set of items as an integer program, and solving said integer program to determine whether said bid is a selected bid (e.g. Example One - Col. 10, l. 36 – Col. 13, l. 5). Solving this winner determination problem includes “the plurality of proposals in a winning solution since Ausubel teaches such proposals (see above). An ordinary practitioner of the art at the time of Applicant’s invention would have understood that both parties to an auction transaction are winners in the commonly understood meaning of any transaction which results from an auction, since both parties have to be satisfied that they are each better off by entering into the transaction versus not entering into the transaction. This makes each one a winner in the common understanding of the matter. On the other hand, at least one of the two parties to a transaction would not participate in the consummation of a transaction if they thought that a proposed transaction would make them a “loser” (i.e. a non winner), which would be the case if they viewed the offered transaction to be not to their benefit as they define the benefit. Thus, no transaction would occur and thus no winner would be possible if there is no transaction.

Ausubel does not explicitly disclose disseminating auction results to all the participants during the operation of an auction system, to buyers, sellers and to others. However, Wellman discloses disseminating auction results to all the participants during the operation of an auction system, to buyers, sellers and to others (Col. 13, ll. 34-41). Displaying the received plurality of bids in the bid table (see above) and displaying the received plurality of conditions in the plurality of areas for displaying the plurality of conditions on the user interface (Ausubel, Fig. 7, items 710-711) also suggest displaying bids to users).; Disseminating in a computer automated system is the equivalent to causing to display auction results on a user interface. Therefore, the ordinary practitioner of the art would have seen it as obvious to consider displaying on said user interface for indicating that said bid is one of a selected bid and an unselected bid during a course of said auction in a bid table format);

generating a plurality of proposals for said bidder, a proposal in said plurality of proposals comprising a set of bids in said received plurality of bids that satisfies said received plurality of conditions;

Displaying on an other user interface a table identifying the generated plurality of proposals and indicating whether said generated plurality of proposals are rejected by the bidder (a plurality of interfaces by way of a plurality of windows would have been obvious from Ausubel from the various figures and since this is how the Windows operating system works; and displaying a status of the received plurality of bids in the bid table based on a result of the solving of the integer program (Fig. 7, items 710 and 711).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the art of Ausubel, Wellman, Hambrecht and Mcready with the ordinary practitioner's own knowledge and understanding of the art and particularly about transactions resulting from a computer implemented method for an auction, motivated by a desire to offer and implement improved auction methods (Ausubel, Col. 1, ll. 15-16).

Re. Claim 2, Ausubel discloses a method wherein the auction system is elected from a group consisting of an open cry auction, an ascending bid auction, and a descending bid auction (Col. 1, ll. 21-22, 61-65).

Re. Claim 6, Ausubel discloses a method wherein a condition associated with a set of items is selected from the group consisting of a maximum quantity condition constraint (Col. 2, ll. 39-40; Col. 6, ll. 56-58).

Re. Claim 7, Ausubel discloses a method comprising enabling the auction system so that it is responsive to seller conditions (Ausubel's method has inherent seller conditions without which the auction could not function. These conditions which are the same as constraints are established in the auctioneer's intelligent system for providing auction information to bidders, and then for evaluating bids – Abstract.

Re. Claim 8, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein the seller conditions (=constraints) specify a minimum value for a combination of items. However, Macready discloses a method wherein the seller

constraints specify a wide range of parameter possibilities (Page 6, [0077]; [0108]-II. 1-2; [0110]). It would have been obvious to the ordinary practitioner at the time of applicant's invention that these possibilities suggest the imposition of a constraint specifying a minimum value. Such a value would be based on the participant's assessment that he would be worse off to engage in a transaction below such a minimum value. Hence it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of Macready to be responsive to seller conditions such as a minimum value for a combination of items, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

Re. Claim 9, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein the seller conditions (=constraints) specify a minimum value for a combination of a minimum number of items to be sold. See the rejection of claim 8. The ordinary practitioner would have seen it as obvious that minimum values could easily be involved in auctions which involve multiple items and in which the seller(s)'s constraints permit or perhaps even require bidding on a combination of items. See the rejection of claim 10 for an illustration of such circumstances. The selling participant may have an interest in establishing a minimum value in a combination of items in the case of a car parts auction. It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of Macready to be responsive to seller conditions such as a minimum value for a combination of a minimum number of items to be sold, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

Re. Claim 10, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein the seller conditions (=constraints) specify a minimum value for a combination of items correlated to a precedence relationship. However, Ausubel teaches conditions submitted by buyers as a part of their bids. Further, Macready teaches that the auction process cannot proceed until bidder conditions are fulfilled

([00340]-II. 3-4). Also, Applicant defines precedence constraints as available to both sellers and buyers (page 6, II. 4-18), simply as a previously established bid or offer, or a previously established condition, which has to be met if a newly submitted condition, bid or offer is to be accepted. An ordinary practitioner would have been familiar with such conditional offers and would have known that the conditional offers can be based on an unlimited number of factors, including previously submitted terms, conditions, offers or bids. Macready also discloses a method of enabling the auction system so that seller constraints specify a wide range of parameter possibilities. Macready further teaches combinations in offers and combinations of values ([0344] and in claim 64). An ordinary practitioner would have seen that such combinations of values could easily involve bids for multiple items conditioned in whatever manner suits the bidder if two or more items are offered by a seller or even by multiple sellers who are participating in the same auction. For example, in an auction of used car parts (an industry which has become quite sophisticated in the era of personal computers) it would be reasonable for a bidder to establish a bid for a front grill assembly for a certain year/model car conditioned on the preceding bid for the body of the same make/model car which he has determined has a smashed grill. It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of Macready and the knowledge of the ordinary practitioner to be responsive to seller conditions such as a minimum value for a combination of items correlated to a precedence relationship, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

Re. Claim 12, Ausubel discloses a network comprising the Internet (), said user interface being displayed on a web page on the Internet (Col. 7, II. 64-65. A web page is implied by the worldwide web and would have been obvious to the ordinary practitioner of the art at the time of applicant's invention.)

7. Claims 3, 4 and 5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel in view of Wellman and Hambrecht as applied to claim 1 above, and further in view of McAfee et al. (US Patent 6,718,312 B1, hereafter McAfee).

Re. Claim 3, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein the condition on winning comprises a plurality of conditions which characterize combinations of bids from the bidder for desired items within the auction system. Ausubel teaches and/or suggests the use of constraints (= conditions) and the combination of items (constraints) specified in their bids by bid participants in an auction process (Col. 2, ll. 29-50). Ausubel is not explicit regarding a plurality of items in his bidding constraints. However, McAfee discloses a method wherein the constraints characterize combinations of bids from the participant for the desired items within the auction system (Abstract, l. 8; Col. 1, l. 9; Col. 5, ll. 19-20; Col. 9, ll. 66-67). It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of McAfee in order to be responsive to constraints that characterize combinations of items, motivated by the desire to offer combinatorial auction methods and systems that eliminate associated bidding problems (McAfee, Col. 9, ll. 59-63).

Re. Claim 4, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein a condition comprises a budget condition and wherein the method further comprises enabling the auction system such that it is responsive to said budget condition (=constraint). However, McAfee discloses a method which comprises enabling the auction system so that it is responsive to a budget constraint (Col. 6, ll. 1-3, 58-62. McAfee's method teaches a method responsive to a budget constraint). It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel with that of McAfee to be responsive to budget constraints, motivated by the desire to offer combinatorial auction methods and systems that eliminate associated bidding problems (McAfee, Col. 9, ll. 59-63).

Re. Claim 5, neither Ausubel, Wellman or Hambrecht explicitly disclose or suggest a method wherein the budget condition (=constraint) is specified by the bidder. However, McAfee suggests a method wherein the budget constraint is specified by or on behalf of

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the bidder, which can be either the seller or buyer/bidder, or both. McAfee suggests that both parties are likely budget constrained (Col. 6, ll. 1-3, 58-62. McAfee's method teaches a method responsive to a budget constraint, which in turn would have made it obvious to an ordinary practitioner at the time of Applicant's invention to consider various ways of including budget constraints into the auction process from both seller and buyer/bidder points of view). Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of McAfee to be responsive to budget conditions specified by or on behalf of a bidder, motivated by the desire to offer combinatorial auction methods and systems that eliminate associated bidding problems (McAfee, Col. 9, ll. 59-63).

8. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel in view of Wellman and Hambrecht as applied to claim 1 above, and further in view of McAfee and Macready

Re. Claim 25, neither Ausubel, Wellman or Hambrecht explicitly disclose a method wherein said area for entering a condition comprises a plurality of areas for entering a plurality of conditions including:

an area for entering a budget condition that specifies that the bidder will win the item only if a total amount of winning bids for said set of items does not exceed a maximum value;

an area for entering a precedence condition that indicates that the bidder will win the item only if the bidder also wins the other item in the set of items;

an area for entering an alternate precedence condition which indicates that the bidder will win the item only if the bidder wins all of the items in the set of items;

an area for entering a maximum quantity condition which specifies that the bidder will win the item only if the bidder wins no more than a maximum quantity of items in the set of items;

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an area for entering a minimum quantity condition which specifies that the bidder will win the item only if the bidder wins no less than a minimum quantity of items in the set of items; and

an area for entering a general linear condition which indicates that the bidder will win the item only if a sum of coefficients assigned by the bidder for the set of items is not greater than an upper bound and not less than a lower bound.

However, re. wherein an area for entering a condition comprises a plurality of areas for entering a plurality of conditions (See claim 3, McAfee) including

re. an area for entering a budget condition that specifies that the bidder will win the item only if a total amount of winning bids for said set of items does not exceed a maximum value (See claims 4 & 5, McAfee);

re. an area for entering a precedence condition that indicates that the bidder will win the item only if the bidder also wins the other item in the set of items (See claim 10, Macready);

re. an area for entering an alternate precedence condition which indicates that the bidder will win the item only if the bidder wins all of the items in the set of items (See claim 10, Macready);

re. an area for entering a maximum quantity condition which specifies that the bidder will win the item only if the bidder wins no more than a maximum quantity of items in the set of items (Obvious from Ausubel, Col. 2, ll. 30-50, where bidders are described as having differing quantity constraints, which would include maximum (not more than) and minimum quantities (at least);

re. an area for entering a minimum quantity condition which specifies that the bidder will win the item only if the bidder wins no less than a minimum quantity of items in the set of items (Obvious from Ausubel, Col. 2, ll. 30-50, where bidders are described as having differing quantity constraints, which would include maximum (not more than) and minimum quantities (at least); and

re. an area for entering a general linear condition which indicates that the bidder will win the item only if a sum of coefficients assigned by the bidder for the set of items

is not greater than an upper bound and not less than a lower bound (See claim 11, Macready).

It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel, Wellman and Hambrecht with that of Macready and McAfee and the knowledge of the ordinary practitioner to be responsive to seller conditions such as a minimum value for a combination of items correlated to a precedence relationship, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

9. Claims 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel in view of Wellman, McAfee and Macready as applied to claim 14 above, and further in view of AAPA.

Re. Claim 15, none of Ausubel, Wellman, Macafee or Macready explicitly disclose an integer program expressed as

"Max Summation (i,p) of $v(i,p) x(i,p)$ "

where $v(i,p)$ denotes a monetary value of a bid that bidder p has placed for item i, and, $x(i,p)$ denotes a decision variable having a value of 0 when said bid is not in a winning combination, and 1 when said bid is a winning combination.

However, AAPA discloses that this mathematical expression was well known to an ordinary practitioner at the time of Applicant's invention. Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have combined the art of Ausubel with that of Wellman, Macafee, Macready and AAPA to develop computer implemented method for facilitating an auction, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

10. Claim 20 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ausubel in view of Wellman, Hambrecht, McAfee, Macready and AAPA.

Re. Claim 20, the disclosures of Ausubel, Wellman, Hambrecht, MaAfee and Macready are cited above in the rejections of claims 1-16 and 19 regarding methods of conducting an auction in an auction system in which plural items are offered for auction by a seller, and plural bidders place bids on said plural items, said method comprising:

Ausubel discloses:

- entering in said auction system an offer of a item for bid, said offer including a seller constraint that describes said item (See the rejection of claim 7);
- entering in said auction system a bid for said item, said bid being entered by a bidder by using said user interface to identify said item, a bid value for said item and a constraint for a set of items including said item (See the rejection of claim 1; re. “a set of items”-see the rejection of claim 14-combination of items.);
- wherein the received plurality of conditions comprises a first condition and a second condition which is different from the first condition (Col. 2, ll. 38-50), and the plurality of items comprises plural sets of items including a first set of items subject to the first condition and a second set of items which is different from the first set of items and is subject to the second condition (the ordinary practitioner would have seen it as obvious from Ausubel’s disclosure that, wherein said first set of items is subject to a first condition and said second set of items is subject to a second condition which is different from said first condition because items which differ from each other are likely to have different value.).

Ausubel does not explicitly disclose use of a web page in an interface. However, MacAfee discloses use of web pages in an auction context (Col. 11, ll. 37-38).

Wellman’s disclosure is stated in the rejection of claim 1 above.

Ausubel does not explicitly disclose the following detailed combinations involved in an auction method:

wherein said integer program is expressed by the following:

Max

$\sum_{i,p} V_i, p X_i, p$

i,p

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where $v_{i,p}$ denotes a monetary value of a bid that bidder p has placed for item i , and, $x_{i,p}$

denotes a decision variable having a value of 0 when said bid is not in a winning combination, and 1 when said bid is a winning combination,

wherein said conditions (=constraints) comprise a budget condition that specifies a total amount that a bidder is willing to pay for an item, a precedence condition that indicates that bidder will win an item of plural items only if said bidder also wins another item of said plural items, an alternate precedence condition which indicates that a bidder will win an item only if said bidder wins all of the items in a precedence set, a quantity condition which specifies one of a maximum quantity and a minimum quantity of items that said bidder will win, and a general linear condition constraint which indicates a coefficient for said plural items and an upper bound and lower bound on a sum of coefficients for said plural items, and wherein said seller condition comprises one of a condition indicating a minimum total amount that seller will accept for plural items, a condition indicating a minimum quantity of items in said plural items to be sold, and a precedence condition indicating that an item will be sold only if another item is sold.

However, Ausubel in combination with MacAfee and Macready disclose the following:

- wherein said user interface displays a space for a bidder to identify plural bidder conditions (=constraints) (Ausubel-Col. 2, ll. 39-41) comprising a budget constraint that specifies a total amount that a bidder is willing to pay for an item (MacAfee-see claims 4 and 5), a precedence constraint that indicates that bidder will win an item of plural items only if said bidder also wins another item of said plural items (Ausubel suggests this in combinatorial bidding – see claim 3, plural of bidder constraints), an alternate precedence constraint which indicates that a bidder will win an item only if said bidder wins all of the items in a precedence set (this would have been obvious to an ordinary practitioner at the time of Applicant's invention because it is implicit in the various combinations concept of a plurality of constraints), a quantity constraint which specifies one of a maximum quantity and a minimum quantity of items that said bidder will win (See the rejection of claim 6, 8 and 9), and a general linear constraint which indicates a

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coefficient for said plural items and an upper bound and lower bound on a sum of coefficients for said plural items (see the rejection of claim 11 and claims 6, 8 and 9), and

- wherein said seller constraint comprises one of a constraint indicating a minimum total amount that seller will accept for plural items, a constraint indicating a minimum quantity of items in said plural items to be sold, and a precedence constraint indicating that an item will be sold only if another item is sold (this is implicit in seller constraints – see claim 7, and the rejections of claims 6, 8 and 9 and the prior art of minimum and maximum constraints).

None of Ausubel, Wellman, Hambrecht, MaAfee and Macready explicitly disclose an integer program expressed by the following:

“Max Summation (i,p) of $v(i,p) x(i,p)$ ” where $v(i,p)$ denotes a monetary value of a bid that bidder p has placed for item i, and, $x(i,p)$ denotes a decision variable having a value of 0 when said bid is not in a winning combination, and 1 when said bid is a winning combination. However, AAPA discloses that this mathematical expression was well known to an ordinary practitioner at the time of Applicant’s invention.

Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant’s invention to have combined the art of Ausubel with that of Wellman, Hambrecht, MacAfee, Macready and AAPA to develop computer implemented method for facilitating an auction, motivated by the desire to offer flexibility to all trading partners to locate win-win opportunities for all parties if they exist (Macready, page 2, [0012]-II. 7-9).

Response to Arguments

11. Applicant's arguments with respect to claims 1-10, 12, 13, 15, 20 and 25 received on November 12, 2010 have been considered but are they are not persuasive.

ARGUMENT A: The alleged references are completely unrelated, the examiner has used impermissible hindsight and the alleged references provide no motivation or

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suggestion to urge combination as alleged by the examiner, and has consequently failed to make a proper *prima facie* case of obviousness (12, l. 22 – p. 13, l. 2; p. 15, l. 15 – p. 16, l. 2).

RESPONSE:

These arguments are not because of the following matter of law:

(1) **COMPLETELY UNRELATED** – The KSR factors for obviousness are as follows:

a) BASES FOR OBVIOUS REJECTION

(1) Begin with the Graham vs Deere Analysis
Provide Facts.

- **A disclosure in a non-analogous art which solves the problem is valid prior art. All elements do not have to be factually demonstrated.**

(2) Valid Non-Factual Analysis – Must explain the differences between the prior art and what one of ordinary skill would have seen as obvious after consideration of the facts according to the following considerations:

- Common Sense
- Obvious to Try
- Expected/Predictable Results
- Expectation of Success
- Design incentives or market forces would have made this improvement obvious
- The state of the art would have made the practitioner recognize the opportunity for improving upon the prior art.
- In re Khan factors – obvious or suggested to one of ordinary skill based on his knowledge – the “inferences and creative steps one of ordinary skill would employ”

(3). ORDINARY SKILL

An examiner may use their personal knowledge to describe the knowledge of one of ordinary skill and what such one would have seen as obvious from the evidence. If the examiner does not explicitly define the one of ordinary skill then the one of ordinary skill is defined by the relevant prior.

(4) FACTORS PROHIBITING A PRIMA FACIE CASE OF OBVIOUSNESS - i.e. ALLOWABILITY

- Unexpected/Unpredictable Results
- Technological barriers to satisfactory combination.
- Factors in the above rationales do not hold up to challenge

b) *In re Kahn*

The guidelines provided by *In re Kahn* as referenced in the US Supreme Court's decision of April 2007 in the case known as KSR, are as follows:

The Court noted that "[t]o facilitate review, this analysis should be made explicit. *Id.* (citing *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.* at 1741, 82 USPQ2d at 1396.

In the instant case, the narrow prior art disclosures cited from the references, not the references in their entirety, solve the problem claimed by Applicant and thus were related to the ordinary practitioner at the time of Applicant's invention.

(2) IMPERMISSIBLE HINDSIGHT

However, "[a]ny judgement on obviousness is in a sense necessarily a reconstruction based on hindsight reasoning, but so long as it takes into account only knowledge which was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant's disclosure, such a reconstruction is proper." *In re McLaughlin* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971). Applicants may also argue that the combination of two or more references is "hindsight" because "express" motivation to combine the references is lacking. However, there is no requirement that an "express, written motivation to combine must appear in prior art references before a finding of obviousness." See *Ruiz v. A.B. Chance Co.*, 357 F.3d 1270, 1276, 69 USPQ2d 1686, 1690 (Fed. Cir. 2004). For example, motivation to combine prior art references may exist in the nature of the problem to be solved (*Ruiz* at 1276, 69 USPQ2d at 1690) or the knowledge of one of ordinary skill in the art (*National Steel Car v. Canadian Pacific Railway Ltd.*, 357 F.3d 1319, 1338, 69 USPQ2d 1641, 1656 (Fed. Cir. 2004)). See MPEP § 2143.01 [2100 2143 01.htm](http://www.uspto.gov/patent/mpep/2100_2143_01.htm) for a discussion of proper motivation to combine references.

(3) LACK OF MOTIVATION TO COMBINE

There is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art. *In re McLaughlin* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).

IN CONCLUSION, the case law cited above demonstrates that Applicant's argument that "The alleged references are completely unrelated, the examiner has used impermissible hindsight and the alleged references provide no motivation or suggestion to urge combination as alleged by the examiner, and has consequently failed to make a proper *prima facie* case of obviousness" **is in error.**

Consequently, the examiner believes that he has made a proper *prima facie* case of obviousness in the rejection of claims 1-10, 12, 13, 15, 20 and 25 according the above KSR guidelines. It is important to point out the emphasis made in KSR of their quotation of the above language in *In re Kahn*.. This language emphasizes the importance of considering the phrase "for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ". The examiner has abided by these considerations in the rationale of every rejection in making a proper *prima facie* case of obviousness.

ARGUMENT B: The limitations incorporated into the independent claims from canceled claims 22 and 24 are not taught or suggested by Ausubel (p. 13, ll. 3-17, p. 13, l. 3 – p. 15, l. 14; p. 16, l. 3 – p. 17, l. 10).

RESPONSE:

Applicant is referred to the rejections of independent claims 1, 13 and 20 above, since these are new due to Applicant's amendment of these claims.

Conclusion

12. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is

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(571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Charles Kyle, can be reached on (571) 272-6746.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks, Washington D.C. 20231

or faxed to:

(571)273-8300 [Official communications; including After Final communications
labeled "Box AF"]

(571) 273-6792 [Informal/Draft communications, labeled "PROPOSED" or
"DRAFT"]

Hand delivered responses should be brought to the address found on the above
USPTO web site in Alexandria, VA.

/Siegfried E. Chencinski/
Examiner, Art Unit 3695
December 19, 2010